

# MARKET UPDATE

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## Chinese Yuan Tumbles after PBoC Rate Cut, Fed Fears Hit Asia FX

China's yuan sank further below key levels on Monday after more monetary easing in the country, while broader Asian currencies tumbled in anticipation of a Federal Reserve meeting later this week.

The yuan fell 0.4% to an over two-year low of 7.0080 to the dollar, its second day spent in breach of the psychologically important 7 level. The drop came despite an extremely hawkish midpoint fix by the central bank.

The People's Bank of China cut a repo rate on Monday, and also increased cash injections into the economy as it sought to boost growth that was severely dented by COVID-related lockdowns.

## Post-Merge Ethereum Hits 2-Month Low, Bitcoin Back around \$18K

Ethereum prices sank to a two-month low on Monday as losses after the blockchain's shift to proof-of-stake continued, while the broader crypto market weakened ahead of a Federal Reserve meeting this week.

The world's second-largest cryptocurrency dropped 10% to \$1,303 - its weakest level since mid-July. The token has now lost nearly a quarter of its value since the move to proof-of-stake (PoS), dubbed the 'merge,' went live last week.

While the move drastically cut Ethereum's power consumption, it was also criticized for making the blockchain arguably less decentralized, as well as setting a high buy-in for earning staking rewards, at 32 Ethereum.

Ethereum's recent losses have now unwound all the gains made in the lead-up to the merge, with token having largely underperformed the broader crypto market.

Bitcoin, by comparison, is down a little over 6% in the past week.

But concerns over rising U.S. interest rates weighed further on the crypto market on Monday. Bitcoin, the world's largest token, slumped 6% to \$18,811, while total crypto market capitalization fell to \$910 billion, according to data from CoinMarketCap.



## Dollar off 20-year peak as Fed headlines big central bank week

The dollar lingered near a two-decade top on major peers on Monday, ahead of a week loaded with market holidays and central bank decisions from Washington to London and Tokyo.

The dollar index, which measures the currency against six counterparts, was 0.2% stronger than Friday at 109.84, consolidating after a volatile couple of weeks that took it as high as 110.79 on Sept. 7 for the first time since mid-2002.

Investors have scrambled to price in higher U.S. interest rates and a stronger dollar, as U.S. consumer price rises have proved stubbornly persistent.

Currently, markets have priced in at least another 75 basis point increase for this week's Federal Open Market Committee's meeting, and 19% odds of a super-sized full percentage point bump.

This week is also smattered with holidays that could thin liquidity and result in sharper price moves, with Japan and Britain off on Monday, Australia on Thursday, and Japan again on Friday, among others.

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